

Black Friday period shows disappointing growth for technical goods retail

Issued by GfK – An NIQ Company

23 Dec 2020

South Africa's technical consumer goods market sees subdued spending as consumers weigh up each purchase carefully, trade up for better value and make strategic purchases for the home.



South African consumers focused their spending on buys for the home such as refrigerators over the Black Friday promotional period this year and conducted careful online research before making their purchases. That's according to consumer research and point of sale tracking data from GfK South Africa, which reflects subdued spending on technical consumer goods for November 2020.

According to GfK's data, sales fell 2% year-on-year in November 2020, across the washing machines, laptops, tablets, smartphones, PTV, routers and cooling product segments combined. Panel televisions, usually the star performer over the Black Friday period, showed a year-on-year revenue dip of 9% and a fall in unit sales of 26%. Smartphone and cellphone revenues, meanwhile, were flat and media tablet revenues and unit sales slipped 1% and 14%, respectively.

Fridges posted 50% year-on-year growth in revenue and 21% growth in unit sales for November, following a 21% increase in unit sales and 42% uplift in revenue for October. Mobile computers, meanwhile, saw 17% growth in revenues and 21% decline in unit sales for November 2020, reflecting consumers trading up for devices with higher specifications.

“Retailers went all in on the Black Friday month this year, expecting it to be better than 2019 and hoping to recoup some of the sales they lost during the hard lockdown period,” says Nicolet Pienaar, head of market insights at GfK South Africa. “In most categories of the technical consumer goods market, Black Friday did not meet their expectations in terms of unit sales. However, strong performance of premium products resulted in positive value growth in most categories.”

In an echo of the trend, we saw as the country emerged from lockdown, those consumers that opened their wallets spent mostly on home appliances such as cooling products, hot beverage makers and vacuum cleaners, she adds. “Many consumers were preparing for a December holiday ‘staycation’

[click to enlarge](#)

and invested in products to work, play and clean at home,” says Pienaar.

Trading up for better value

During the Black Friday promotional week, many consumers that did spend money traded up for products with higher specifications after postponing big-ticket purchases earlier in the year. The value of the average purchase through traditional channels rose from R4,767 per item in 2019 to R5,627 this year, while the average value of an online purchase climbed from R3,753 in 2019 to R5,274 this year.

A trend of aspirational purchases can be observed across many key product categories during the week of Black Friday:

- Sales of mid-range notebooks with Core i5 processors grew 141% compared to the previous week and gained 4.9% in market share.
- Washer-dryers grew 141% and gained 4.9% in share compared to the week before, while larger 15kg machines grew 440% and gained 8.5% in share.
- When compared to the previous week, 42” panel television screens grew 267% and gained 2.7% in share, while 55” screens grew 255% and gained 2.9% in share.
- Side-by-side fridges grew 181% and gained 3.1% in share over the previous week, while fridges with capacity of 600l and above grew 160% and gained 1.7% in share.

Move towards online shopping accelerates

With an accelerated move towards online shopping and retailers stretching out Black Friday promotions for most of November, consumers spent more time researching each purchase. More than a third (34%) looked at reviews from other shoppers, 38% used price comparison websites, 19% visited consumer opinion websites and 30% looked at reviews from experts.

As expected, social distancing requirements and consumers’ higher adoption of e-commerce during lockdown helped to drive growth in online shopping for technical consumer goods. The online channel accounted for 14% of technical consumer goods revenues in November 2020, up from 7% in November 2019.

Higher trust in digital channels helped lift the value of the average online purchase by around 40%. However, a strong online discounting culture still meant that the average value of an online technical goods purchase was lower than the average purchase in traditional retail for the Black Friday month.

“Covid-19 has left an imprint on the consumer’s pocket and emotions, with financial worries forcing them to re-evaluate their purchase decisions,” says Pienaar. “Not only were they looking for ultimate value, but they also needed reassurance that the deals were real. We expect the same mindset to continue throughout the Christmas shopping season in an atmosphere of low consumer confidence and economic uncertainty.”



Nicolet Pienaar

GfK. Growth from knowledge.

For over 85 years, we have earned the trust of our clients around the world by solving critical business questions in their decision-making process around consumers, markets, brands and media. Our reliable data and insights, together with advanced AI capabilities, have revolutionised access to real-time actionable recommendations that drive marketing, sales and organisational effectiveness of our clients and partners. That’s how we promise and deliver ‘growth from knowledge’.

For more information, please visit www.gfk.com or follow GfK on Twitter www.twitter.com/GfK.

- **South African retailers have arrived at an e-commerce crossroads** 24 Apr 2024
- **A convergence of retail and e-commerce ideas at a must-attend event** 25 Mar 2024
- **South Africans prioritise value for money in festive season spending** 19 Dec 2023
- **Black Friday 2023: Retailers and manufacturers will need to be agile to navigate a volatile landscape** 19 Oct 2023
- **Omnichannel strategies: One size does not fit all in South African retail** 19 Sep 2023



An NIQ
Company

GfK – An NIQ Company

Reliably delivering #GrowthfromKnowledge to our clients. Empower bold actions for sustainable growth.

[Profile](#) | [News](#) | [Contact](#) | [Twitter](#) | [RSS Feed](#)

For more, visit: <https://www.bizcommunity.com>